

Introduced by

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[Signature]
City Attorney

Councilmember

2012 SEP 27 AM 11:49

OAKLAND CITY COUNCIL

RESOLUTION No. 84064 C.M.S.

A Resolution Supporting Foreclosure Prevention/Mitigation Activities Including 1) The Allocation Of Up to \$1,200,000 From The Neighborhood Stabilization Program (A HUD Federal Grant) To Community Housing Development Corporation For Purposes Of Funding A Foreclosure Prevention Loan Fund Program; 2) The Allocation of \$350,100 From Blighted Foreclosed Properties Penalties To Fund The Following: A) Community Outreach Services For \$150,000 Provided By Causa Justa::Just Cause (\$50,000), Family Bridges (\$25,000), OCCUR (\$25,000), Allen Temple Economic Development Agency (\$25,000), and the Martin Luther King Jr. Freedom Center (\$25,000); B) Homeowner Legal Advocacy For \$100,000 Provided By The Housing Economic Rights Advocates; C) Homeownership Counseling And Loan Modification Advocacy For \$50,000 Provided By The Community Housing Development Corporation; And D) Tenant Counseling And Legal Services For \$50,100 Total Provided By The East Bay Community Law Center (\$16,700), Centro Legal De La Raza (\$16,700), And Causa Justa::Just Cause (\$16,700); And 3) Requiring Staff To Develop A Foreclosure Mediation Policy For Council Consideration Should There Be Serious Problems With Bank Servicer And Lender Compliance In Oakland With The Attorney General Bank Settlement Agreement And State Homeowner Bill of Rights Act

WHEREAS, the City of Oakland has been devastated by the foreclosure crisis, with 10,542 foreclosures from 2007 to 2011, a rate of about 1 in 19 households in foreclosure; and

WHEREAS, properties throughout the City of Oakland which lenders have recorded a Notice of Default (defaulted) or have taken ownership through a Deed of Trust (foreclosed) have been and continue to be significant and unnecessary attractors for blighting conditions that create severe health hazards in neighborhoods, including explosions of vector populations, accumulations and dispersals of pollutants and target-organ toxins, degradation of air quality; and conditions that adversely impact the quality of life for Oakland residents; and

WHEREAS, defaulted and foreclosed properties throughout the City also have been and continue to be significant and unnecessary attractors for trespassers and transient occupants that foster and enable criminal activities, including theft, vandalism, prostitution, and the sale and use of narcotics and other controlled substances; and

WHEREAS, defaulted and foreclosed properties throughout the City also have been and continue to be a significant and unnecessary discourager to economic development and contributor to the decline of property values in neighborhoods; and

WHEREAS, the City has expended and continues to expend vast and unnecessary amounts of limited resources and scarce funds investigating defaulted and foreclosed properties, mitigating the detrimental effects of neglected maintenance, curtailing associated criminal activity, and monitoring the recurrence of nuisance activities; and

WHEREAS, historically, the resource requirements for monitoring defaulted or foreclosed properties increases with the time that building remains vacant or occupied by involving an escalating commitment from Code Enforcement administrative, fiscal, and supervisory staff, and involving a proliferating interaction with other City departments and agencies, including Real Estate, Finance, City Attorney, Fire, and Police and by City officers and officials; and

WHEREAS, historically, there are additional citywide costs of said resource requirements in areas of real estate divestiture and acquisition, fire prevention and suppression, neighborhood revitalization, nuisance and criminal activities, hazardous material identification and disposal, litigation, liens and collections, degradation of the general tax levy, and public notification and hearings; and

WHEREAS, defaulted and foreclosed properties impose additional financial burdens on neighbors, prospective purchasers, and the business community in the City of Oakland; and

WHEREAS, the City has received Neighborhood Stabilization Program (NSP) grants from the federal Housing and Urban Development Agency, including \$8.2 million for the NSP1 and over \$2 million for the NSP3 allocations; and

WHEREAS, the Council in June 2012 dedicated the use of penalty funds recovered from the City's defaulted and foreclosed properties blight program to fund foreclosure prevention efforts (penalty funds); and

WHEREAS, City staff has engaged in planning efforts with multiple State and community organizations working on foreclosure prevention and mitigation efforts and developed an integrated approach including community outreach, housing counseling, legal advocacy, tenant counseling, referral to the State Attorney General's office, a new foreclosure mitigation loan fund program (ROOT Loan Fund), and City coordination; and

WHEREAS, City staff has engaged in appropriate outreach and procedures in order to provide community outreach grants to service providers who are skilled at community outreach activities and provided prior City-funded and effective community outreach, namely Causa Justa: Just Cause for \$50,000; OCCUR for \$25,000; Family Bridges for \$25,000; Allen Temple Economic Development Corporation for \$25,000; and the Martin Luther King Jr. Freedom Center for \$25,000. These funds are from the City's penalty funds and will provide outreach and referral services for 3,500 residents; and

WHEREAS, City staff has engaged in appropriate outreach and procedures in order to provide a grant of \$50,000 to Community Housing Development Corporation (CHDC), a housing counseling agency with an effective track record of negotiating loan modifications for homeowners in foreclosure. These funds are from the City's penalty funds and will provide housing counseling and loan modification negotiations for 67 residents; and

WHEREAS, City staff has engaged in appropriate outreach and procedures in order to expand existing City funds for tenant counseling and legal services for tenant families in properties in foreclosure through grants to existing City providers, namely Causa Justa: Just Cause for \$16,700, East Bay Community Law Center for \$16,700, and Centro Legal de la Raza for \$16,700. These funds are from the City's penalty funds and will serve 300 tenant families in properties in foreclosure, including keeping 35 families in their homes, providing a hotline for tenants, and tenant counseling and legal services; and

WHEREAS, City staff has engaged in appropriate outreach and procedures in order to provide a grant of \$100,000 to Housing Economic Rights Advocates (HERA), a housing legal advocacy organization with an effective track record of negotiating loan modifications for homeowners in foreclosure. These funds are from the City's penalty funds and will serve 300 homeowners in foreclosure through a hotline service, direct advocacy for 100 homeowners, workshops for 100 homeowners, and technical assistance and training for City partners; and

WHEREAS, City staff has been working with CHDC, Enterprise Community Partners, LISC, One Pacific Coast Bank, East Bay Housing Organizations, and other organizations to establish a foreclosure mitigation loan fund program to be administered by CHDC with technical assistance to be provided by Enterprise and LISC, called the ROOT Loan Fund program; and

WHEREAS, City funds of \$1.2 million from its NSP allocation for the ROOT loan fund will leverage an additional \$7-9 million of funds from Enterprise, LISC, One Pacific Coast Bank, and the California Housing and Finance Agency; and

WHEREAS, the ROOT Loan Fund is anticipated to serve 20-25 Oakland homeowners in the pilot year as well as expand its ability to serve additional Oakland and Bay Area residents; and

WHEREAS, the requirements of the California Environmental Quality Act (CEQA), the Guidelines as prescribed by the Secretary of Resources, and the provisions of the Statement of Objectives, Criteria and Procedures for Implementation of the California Environmental Quality Act: City of Oakland, have been satisfied, and that in accordance with CEQA Guidelines Section 15301 (existing facilities) this project is categorically exempted; now, therefore,

RESOLVED, that up to \$1.2 million be allocated from City NSP funds to CHDC with up to \$1 million for the loan loss reserve, mortgages, and/or other capital support needs; and up to \$200,000 for CHDC operational support in the pilot year; and be it

FURTHER RESOLVED, that \$50,000 be allocated to CJC for community outreach coordination and data management services to be funded from the City's defaulted and foreclosed properties registration and blight abatement penalty funds and \$25,000 each to be allocated to Family Bridges, OCCUR, Allen Temple Economic Development Agency, and the Martin Luther King Jr. Freedom Center for targeted community outreach services from special revenue Development Services Fund (2415), Neighborhood Preservation Inspections Organization (84454), Foreclosed Registration Project (A456210), Livable Neighborhood Code Enforcement Services Program (NB31); and be it

FURTHER RESOLVED, that \$100,000 be allocated to HERA for housing legal advocacy to be funded from the City's defaulted and foreclosed properties registration and blight abatement penalty funds, from special revenue Development Services Fund (2415), Neighborhood

Preservation Inspections Organization (84454), Foreclosed Registration Project (A456210), Livable Neighborhood Code Enforcement Services Program (NB31); and be it

FURTHER RESOLVED, that \$50,000 be allocated to CHDC for housing counseling services to be funded from the City's defaulted and foreclosed properties registration and blight abatement penalty funds, from special revenue Development Services Fund (2415), Neighborhood Preservation Inspections Organization (84454), Foreclosed Registration Project (A456210), Livable Neighborhood Code Enforcement Services Program (NB31); and be it

FURTHER RESOLVED, that existing City contracts for tenant counseling and legal services be expanded for CJC for \$16,700; EBCLC for \$16,700; and Centro Legal for \$16,700 to be funded from the City's defaulted and foreclosed properties registration and blight abatement penalty funds, from special revenue Development Services Fund (2415), Neighborhood Preservation Inspections Organization (84454), Foreclosed Registration Project (A456210), Livable Neighborhood Code Enforcement Services Program (NB31); and be it

FURTHER RESOLVED, that should collected data and program information show that lenders are failing to comply with the new State requirements in Oakland, City staff will review the possibility of developing a local foreclosure mediation program for Council consideration.

IN COUNCIL, OAKLAND, CALIFORNIA, OCT 16 2012, 2012

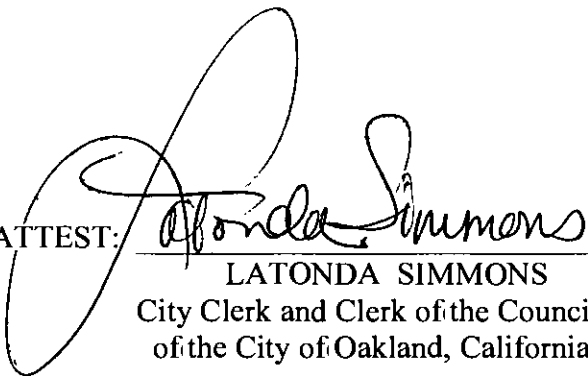
PASSED BY THE FOLLOWING VOTE:

AYES - BRUNNER, BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, SCHAAF AND PRESIDENT REID - 8

NOES - 0

ABSENT - 0

ABSTENTION - 0

ATTEST: 
LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland, California

DATE OF ATTESTATION: _____